




**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 26, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Auditor-Controller

SUBJECT: **LOS ANGELES URBAN LEAGUE – SOUTH CENTRAL – A
COMMUNITY AND SENIOR SERVICES' WORKFORCE INVESTMENT
ACT PROGRAM CONTRACT SERVICE PROVIDER – CONTRACT
COMPLIANCE REVIEW – FISCAL YEAR 2012-13**

We completed a review of Los Angeles Urban League – South Central (LAUL – South Central or Agency), a Community and Senior Services' (CSS) Workforce Investment Act (WIA) Program provider. Our review covered a sample of transactions from Fiscal Year (FY) 2012-13. The purpose of our review was to determine whether LAUL – South Central provided services in compliance with their County contract and WIA requirements.

The WIA Adult and Dislocated Worker (DW) Programs assist individuals in obtaining employment, retaining their jobs, and increasing their earnings.

CSS paid LAUL – South Central \$1,085,679 (\$682,783 for Adult and \$402,896 for DW) on a cost-reimbursement basis for FY 2012-13. LAUL – South Central serves participants residing in the Second and Fourth Supervisorial Districts.

Results of Review

LAUL – South Central provided services to eligible participants, deposited cash receipts timely, and recorded revenue properly. However, the Agency billed CSS \$13,840 in

unsupported costs, and did not always comply with WIA and County contract requirements. For example, LAUL – South Central:

- Billed CSS \$13,840 for expenditures that were not supported by cancelled checks.

LAUL – South Central's attached response indicates that they will ensure they maintain adequate documentation for Program expenditures.

- Did not accurately report three (20%) participant's activities on the Job Training Automation (JTA) System, as required by WIA Directives LACOD-WIAD12-16 and LACOD-WIAD08-38.

LAUL – South Central's response indicates that they will review the JTA System quarterly for accuracy.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with LAUL – South Central and CSS. In their attached response, LAUL – South Central agreed with our findings and recommendations. In addition, LAUL – South Central indicated that they recently discharged their Vice President of Finance. As a result, LAUL – South Central is undergoing a reorganization that includes revamping its finance department and hiring a new finance executive. CSS should closely monitor LAUL – South Central to ensure compliance with their County contract.

We thank LAUL – South Central for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:AA

Attachment

- c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Nolan Rollins, President and Chief Executive Officer, Los Angeles Urban League
Noel Massie, Chairman, Los Angeles Urban League
Public Information Office
Audit Committee

**LOS ANGELES URBAN LEAGUE – SOUTH CENTRAL
WORKFORCE INVESTMENT ACT PROGRAMS
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2012-13**

ELIGIBILITY

Objective

Determine whether Los Angeles Urban League – South Central (LAUL – South Central or Agency) provided services to eligible individuals for the Workforce Investment Act (WIA) Programs.

Verification

We reviewed the case files for 15 (7%) of the 215 participants (10 WIA Adult and 5 WIA Dislocated Workers) who received services from July 2012 to March 2013 for documentation to confirm their eligibility for WIA services.

Results

LAUL – South Central had documentation to support all 15 participants' eligibility for WIA Program services.

Recommendation

None.

BILLED SERVICES

Objective

Determine whether the Agency provided services in accordance with the County contract and WIA guidelines.

Verification

We visited LAUL – South Central's service site, and reviewed the case files for 15 (7%) of the 215 participants who received services from July 2012 to March 2013.

Results

LAUL – South Central provided the services in accordance with the County contract and WIA guidelines. However, LAUL – South Central did not accurately update the participant activities on the Job Training Automation (JTA) System for three (20%) of the 15 participant's reviewed. The State of California Employment Development

Department and the United States Department of Labor use the JTA System to track WIA participant activities.

Recommendation

1. **Los Angeles Urban League – South Central management ensure staff update the Job Training Automation System to accurately reflect participant activities.**

CASH/REVENUE**Objective**

Determine whether LAUL – South Central deposited cash receipts timely, and recorded revenue in the Agency's financial records properly.

Verification

We interviewed Agency personnel and reviewed the Agency's financial records. We also reviewed the Agency's bank activity for January and February 2013.

Results

LAUL – South Central deposited cash receipts timely, and recorded revenue properly.

Recommendation

None.

EXPENDITURES**Objective**

Determine whether expenditures charged to the WIA Programs were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, and reviewed the Agency's financial records and documentation for 18 non-payroll expenditure transactions, billed by the Agency for January and February 2013, totaling \$22,900.

Results

LAUL – South Central billed Community and Senior Services (CSS) \$13,840 in unsupported costs. Specifically, LAUL – South Central did not maintain cancelled checks to support ten (56%) of the 18 transactions reviewed.

Recommendations

Los Angeles Urban League – South Central management:

- 2. Repay Community and Senior Services \$13,840, or provide adequate documentation to support the expenditures.**
- 3. Maintain adequate documentation to support Program expenditures.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency had adequate internal controls over its business operations. In addition, determine whether the Agency was in compliance with WIA Program and administrative requirements, and accurately completed a Resource Sharing Agreement (RSA), which is a financial agreement between the Agency and their federally mandated partners, quarterly as required in the contract.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested expenditures, payroll, and personnel transactions. In addition, we reviewed the Agency's RSA for the first quarter of Fiscal Year (FY) 2012-13.

Results

LAUL – South Central generally maintained sufficient internal controls over its business operations. However, the Agency did not provide documentation to support the staff hours on their first quarter FY 2012-13 RSA. LAUL – South Central needs to ensure that information is accurately reported on the RSAs.

Recommendation

- 4. Los Angeles Urban League – South Central management ensure that information is accurately reported on the quarterly Resource Sharing Agreements.**

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were charged to the WIA Programs appropriately. In addition, determine whether LAUL – South Central obtained background clearances, verified employability, maintained proof of current driver's licenses, and maintained proof of automobile insurance for employees assigned to the WIA Programs.

Verification

We compared the WIA payroll expenditures for five employees, totaling \$14,037, for January 2013, to the Agency's payroll records and time reports. We also reviewed the personnel files for four Agency staff.

Results

LAUL – South Central appropriately charged the January 2013 employee salaries to the WIA Programs, and maintained the personnel files as required.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether LAUL – South Central's Cost Allocation Plan (Plan) was prepared in compliance with the County contract, and used the Plan to allocate shared expenditures appropriately.

Verification

We reviewed LAUL – South Central's Plan and a sample of expenditures from January and February 2013, to ensure that the expenditures were allocated to the Agency's WIA Programs appropriately.

Results

LAUL – South Central prepared its Plan in compliance with the County contract and the Agency allocated their shared expenditures to the WIA Programs appropriately.

Recommendation

None.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2011-12 final close-out invoices for the WIA Programs reconciled to the Agency's accounting records.

Verification

We traced LAUL – South Central's final close-out invoices for FY 2011-12 to the Agency's accounting records. We also reviewed a sample of expenditures billed in June 2012, totaling \$13,037.

Results

LAUL – South Central's FY 2011-12 final close-out invoices generally reconciled to the Agency's accounting records. In addition, LAUL – South Central's expenditures were allowable, billed accurately, and documented properly.

Recommendation

None.



September 03, 2013

Don Chadwick, Division Chief
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071

Attention: Wendy L. Watanabe

**FISCAL YEAR 2012-2013 LOS ANGELES URBAN LEAGUE – SOUTH CENTRAL CORRECTION
ACTION PLAN**

Finding #01 – LAUL South Central management ensures staff will update the Job Training Automation System to accurately reflect participant activities.

Response: LAUL management will have JTA system reviewed quarterly for accuracy.

Finding #2 – Repay CSS \$13,840, or provide adequate documentation to support the expenditure.

Response:

LAUL recently underwent a reorganization which included the separation of the prior Vice President of Finance. Unfortunately, the League was not fully aware of the extent of both past and current late payments to County of Los Angeles vendors. However, LAUL is in the process of revamping its finance department and hiring a new finance executive to oversee the Department. As a part of this process, the League expects to get into full compliance with all County of Los Angeles contracting requirements, including the timely payment of its vendors. With respect to any outstanding payments, the League has made it a priority to get these vendors paid within the next 30-45 days, if not sooner.

Finding #03 – Maintain adequate documentation to support Program Expenditures.

Response: LAUL finance staff will ensure all expenditures are available for review when requested.

Finding #04 – LAUL – Pomona management ensure that information is accurately reported on the quarterly RSA.

Response: LAUL management will ensure that any RSA information submitted will be accurate.

A handwritten signature in black ink, appearing to read 'Nolan Rollins'.

Nolan Rollins
President & CEO
Los Angeles Urban League

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